Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

25X1

Central Intelligence Agency

Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

February 12, 1987

Outlook for US-China Military Relations 25X1

Summary

Despite the recent ouster of Hu Yaobang as Chairman of the Chinese Communist Party and the growing criticism of reformists in the party by orthodox conservatives, we believe that prospects remain good for steady improvement in the US-China defense relationship, albeit at a somewhat slower pace than anticipated before Hu's demise. Over the next two years, Beijing will probably approve new operational exchanges, purchase additional US military hardware through the Foreign Military Sales (FMS) program, and continue to exchange visits by high-level defense officials. Nevertheless, we expect Beijing to carefully calculate the costs and benefits of each step because of its concern over US-Taiwan military links and the impact of US-China military ties on its relations with the Third World and the Soviet Union. 25X1

25X1

This memorandum was prepared Office of East Asian Analysis. 25X1
Information available as of 12 February 1987 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, International Security, China,

EA M 87-20028

25X1

25X1

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

25X1

New Momentum

US-China military relations entered a new stage last fall as Beijing signaled its willingness to expand cooperation in all three areas of the defense relationship--high-level leadership visits, functional exchanges, and technology transfer:

- Secretary of Defense Weinberger's second trip to China in October was highly successful, with the Chinese treating the Secretary as an "old friend" and downplaying differences on technology transfer and Taiwan.

- Beijing also signed the letter of acceptance for its first major FMS purchase from the United States in October--a $500 million deal for 55 avionics packages for China's F-8 fighters--and accepted US terms that allowed the first US Navy port call to China since 1949.

25X1

Where Next in the Relationship?

Until the political situation in Beijing stabilizes, Chinese defense officials managing US-China military relations will almost certainly proceed cautiously:

- In several recent press articles, conservatives have criticized the United States as the model from which China's reformers drew their inspiration.

- US-China naval relations have cooled somewhat in the aftermath of Hu's dismissal. Beijing indicated last month that the Chinese Navy would not be able to conduct a planned port call to Honolulu in May 1987; the first Chinese Navy ship visit to the United States is now likely to occur in 1988.

- Hu, however, was not well-liked by China's top generals, and his dismissal probably will have only minimal impact on the military unless Deng is unable to rein in the conservatives and the entire reform program is threatened.

25X1

We believe that prospects are still good for steady expansion in the US-China defense relationship, albeit at a somewhat slower pace, than anticipated before Hu's demise:

- Beijing will probably approve operational exchanges that go beyond those of the past. The US Navy will probably be given at least one, possibly two, ship visits this year, and the US Air Force F-16 demonstration team could perform in China this fall. The Chinese military has also for the first time expressed strong interest in having its officers attend US military schools, and limited exchanges may take place in the next two years.

- China is moving into significant arms procurement programs from the United States for all branches of its conventional forces. A letter of acceptance for $62 million worth of artillery-locating radars for the Army will be presented to Beijing

25X1

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

25X1

in March, and a $100 million deal for the coproduction of the Mk 46 Mod 2 ASW torpedo for the Navy is in the final stages of negotiation.

- The Chinese continue to be enthusiastic about the exchange of visits by high-level defense officials. US Marine Corps Commandant Kelley and CINCPAC Admiral Hays are scheduled to visit China this spring. Deputy Chief of the Chinese General Staff Xu Xin--a strong candidate for Defense Minister--will visit the United States in March, and Chinese Air Force Commander Wang Hai will visit in May.

25X1

A Need for Balance

We believe China's interest in expanding relations with the US military increases Beijing's need to demonstrate to the world--and the Third World in particular--that it follows an "independent" foreign policy. Beijing probably has not decided how far to go in expanding defense relations with the United States, and we expect the Chinese to consider the costs and benefits of each step in the relationship:

- Beijing remains concerned about US-Taiwan military links but will probably try to avoid a public spat, which would offer little prospect of changing US policy and would jeopardize access to US military technology.

- China suffered a loss of influence in the late 1970s, when many Third World states came to see China as an agent of US foreign policy. As a result, China probably will try to uphold its Third World credentials by criticizing US policy on arms control, the Middle East, southern Africa, and Central America.

- Sino-Soviet contacts may also expand as US-China military contacts grow and become more public. We expect Beijing to continue to strengthen trade ties to Moscow and to try to maintain some semblance of balance between high-level US and Soviet exchanges.

- For the same reason, the Chinese almost certainly will seek opportunities to publicly downplay the significance of expanding US-China military contacts and deny that US-China relations are directed against the Soviet Union.

25X1

Outlook

We are struck by how far US-China military relations have come since 1983, when Beijing first authorized a few young officers to explore the acquisition of US military technology and opening a defense relationship with Washington. We also believe that with careful management of the constraints this relationship can expand further during the next two years:

25X1

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

[redacted] 25X1

- Our judgment rests ultimately on Beijing's satisfaction with the overall US-China relationship and the consensus in Beijing that Moscow will continue to pose a significant threat to China well into the next century.

- Moreover, we believe the US-China military relationship will not be adversely affected by changes in the PLA. Almost every senior military officer has been exposed to--and by and large favorably impressed with--the US military, and the next generation of commanders appears ready to continue moving forward with the United States. [redacted] 25X1

[redacted] 25X1

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7

25X1

Distribution: Outlook for US-China Military Relations (U)

1 - The Honorable Richard L. Armitage, Assistant Secretary of Defense, International Security Affairs, Room 4E808, Pentagon.

Central Intelligence Agency

1 - DDI, Room 7E44, Headquarters.
1 - D/DCI/DDCI/Executive Staff, Room 7E12, Headquarters.
1 - NIC/AG, Room 7E47, Headquarters.
1 - CPAS/ILS, Room 7G50, Headquarters.
5 - CPAS/IMC/CB, Room 7G07, Headquarters.
1 - PDB Staff, Room 7E30, Headquarters.
1 - C/PES, Room 7F24, Headquarters.
1 - NIO/EA, Room 7E62, Headquarters.
1 - Senior Review Panel, Room 5G00, Headquarter.
1 - OEA/Research Director, Room 4G48, Headquarters.
1 - D/OEA, Room 4F18, Headquarters, Headquarters.
2 - C/OEA/CH, Room 4G32, Headquarters.
2 - C/CH/IS, Room 4G32, Headquarters.

25X1

Declassified in Part - Sanitized Copy Approved for Release 2012/05/25 : CIA-RDP04T00907R000200590001-7